

Congress of the United States

Washington, DC 20515

February 6, 2004

BY FACSIMILE

The Honorable John Graham
Administrator
Office of Information and Regulatory Affairs
Office of Management and Budget
Washington, DC 20503

Dear Dr. Graham:


This letter follows up on the January 28, 2004 joint hearing of the Government Reform Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs and the Small Business Subcommittee on Regulatory Reform and Oversight, entitled "What is the Administration's Record in Relieving Burden on Small Business?" Please respond to the enclosed followup questions for the record.

Please hand-deliver the agency's response to the Subcommittee majority staff in B-377 and B-363 Rayburn House Office Building and the minority staff in B-350A and B-343C Rayburn House Office Building not later than March 1, 2004. If you have any questions about this request, please call Barbara Kahlow on 226-3058.

Thank you for your attention to this request.

Sincerely,

Doug Ose
Chairman
Subcommittee on Energy Policy, Natural
Resources and Regulatory Affairs



Edward L. Schrock
Chairman
Subcommittee on Regulatory
Reform and Oversight

Enclosure

cc The Honorable Tom Davis
The Honorable John Tierney

The Honorable Donald A. Manzullo

Q1. Single Points of Contact.

- a. Missing Agencies. The June 2002 Small Business Paperwork Relief Act (SBPRA) required each agency to designate a Single Point of Contact (SPOC) by June 28, 2003. The Office of Management and Budget's (OMB's) June 27th listing was incomplete. Therefore, in a September 22nd letter, we asked OMB to publish a revised and complete listing by November 14th.

During the January 28, 2004 hearing, we displayed a chart showing 14 agencies without a SPOC. When will OMB ensure that all remaining agencies still without a SPOC name them? And, when will OMB publish a revised and complete listing?

- b. Training. Your written testimony states, "OMB believes each agency is in the best position to train its point of contact" (p. 5). Without government-wide training, how can OMB ensure consistent and responsive performance by all of the SPOCs?

Q2. Compliance Assistance.

- a. Missing Agencies. SBPRA required OMB to publish by June 28, 2003, a complete listing of agency compliance assistance resources available to small business. During the January 28, 2004 hearing, we displayed a chart showing 18 agencies still without compliance assistance resources indicated on OMB's website. When will OMB publish this information for the remaining agencies? This is especially important for the General Services Administration (GSA) that procures services from many small businesses.
- b. Copies of Forms. Small businesses too often find it difficult to locate a copy of the current version of an OMB-approved paperwork form. In our July 25th post-hearing questions, we asked "Will OMB post downloadable copies of each OMB-approved paperwork requirement/form or links to each agency's website with such downloadable copies?" In your September 11th reply, you declined to do so, citing staffing limitations. As a consequence, we called all 71 agencies and asked them to submit to us a copy of their information collections applicable to small business. Using our notebooks, will OMB now ensure posting of this information? If not, why not?

Q3. Enforcement Reports.

- a. Missing Agencies. SBPRA required each agency to submit its initial agency enforcement reports to Congress by December 31, 2003. During the January 28, 2004 hearing, we displayed a chart showing 42 agencies that had not yet submitted these statutorily required reports. Since the Bureau of the Budget was re-named the Office of Management and Budget in 1970, OMB has emphasized its role in managing the Federal Government. When do you expect that the remaining agencies will submit their enforcement reports? What followup has OMB taken since December 31st to this end?
- b. Training. Subcommittee staff found that 20 agencies were unaware of the statutorily required enforcement reports. Why did you only notify, on October 23, 2003, the

President's Management Council (PMC) agencies about this statutory obligation instead of the usual OMB practice of notifying all agencies of government-wide statutory requirements?

- c. OMB Guidance. What guidance did OMB provide all affected agencies to ensure that their enforcement data could be reconciled with the penalty data included in agency Annual Financial Statements, prepared by agency Chief Financial Officers (CFOs), and agency Semi-Annual Inspector General (IG) Reports?
- d. IRS's Enforcement Report. The Treasury Department's Internal Revenue Service (IRS) accounts not only for over 80 percent of all paperwork levied on the public but also for the lion's share of Federal enforcement fines and penalties levied on small business. Its enforcement report shows that IRS directs 66 percent of its enforcement actions against small business and has only reduced or waived 12 percent of its fines and penalties levied on small business. Is OMB willing to meet with IRS about reducing its enforcement penalties on small business? If not, what do you recommend?

And, if IRS is not accountable to OMB, to whom is IRS accountable? Which policy official or organization outside of the Department of the Treasury should our Subcommittees direct questions about IRS's enforcement policies?

- Q4. Task Force. As discussed at our July 18, 2003 hearing and in correspondence with OMB both before and after the hearing, the Subcommittees found the initial OMB-chaired task force report to be largely nonresponsive to Congressional intent. Your written testimony reveals that, since OMB's June 27th publication of this report, OMB has convened only one task force meeting – on January 20, 2004 – to develop the final task force report, which is statutorily due June 28th. Will any of the topics that we found not adequately covered in the initial report be re-examined? If so, which? If not, why not?
- Q5. Small Business Paperwork Reduction Initiatives from 7/18/03 to 12/31/04. Your written statement identifies three agency paperwork reduction initiatives, including one initiated in fiscal year 2002. What significant paperwork reduction initiatives of at least 100,000 hours (**exclusive of electronic filing**) were accomplished to benefit small businesses since our July 18, 2003 hearing, and what are planned in the rest of 2004? For each, please indicate expected burden reduction hours.
 - a. How many of these initiatives reduce the frequency of small business reporting?
 - b. How many introduce thresholds below which reporting is not required?
 - c. How many raise thresholds to reduce reporting for more small businesses?
 - d. How many introduce sampling instead of requiring universe reporting so fewer small businesses will need to report?
 - e. How many create short forms for small businesses?

- Q6. Tax Burden Reduction for Small Businesses. Drs. Mark Crain and Thomas Hopkins in their August 2001 Report, commissioned by the Small Business Administration (SBA), found that small firms (with less than 20 employees) spend twice as much on tax compliance as large firms (with over 500 employees): \$1,202 per employee versus \$562 per employee. Small businesses face more than 200 IRS forms, including more than 8,000 lines, boxes, and data requirements.

What specific paperwork reduction candidates did OMB or IRS pursue for tax paperwork since our July 18, 2003 hearing and will OMB or IRS pursue in the rest of 2004 to actually reduce the paperwork burden on small businesses -- i.e., not electronic filing, guidance documents, notice simplifications, etc.? What is OMB's estimate for the burden reduction hours associated with these initiatives?

- Q7. Additional Analysis of Paperwork Reduction Opportunities for Small Business. During the January 28, 2004 hearing, we displayed notebooks (mentioned in Q2b above) revealing the totality of each agency's paperwork applicable to small business. We believe these notebooks are a unique and valuable tool to further small business paperwork reduction. Using these notebooks, will OMB - without or without additional support from other agencies - review the totality of each agency's (or at least the major burden-imposing agencies') paperwork applicable to small business and try to identify additional paperwork reduction opportunities to benefit small business? If not, why not?